



Maple Leaf Mills Limited

ANNUAL REPORT TO THE SHAREHOLDERS, DECEMBER 31, 1969

MAPLE LEAF MILLS LIMITED

financial highlight summary

	Nine months ended December 31, 1969	Nine months ended December 31, 1968 (unaudited)
Revenue from Sales, Services and Commodity Trading Margins.	\$154,176,000	\$154,827,000
Earnings before Extraordinary Items.	\$ 2,322,000	\$ 2,930,000
per Common Share.	\$1.40	\$1.79
Net Earnings.	\$ 2,517,000	\$ 3,159,000
per Common Share.	\$1.53	\$1.93
Dividends.	\$ 1,192,000	\$ 1,113,000
per Preferred Share.	\$4.13	\$4.13
per Common Share.	\$.70	\$.65
Working Capital.	\$ 22,371,000	\$ 22,622,000
Additions to Property, Plant and Equipment.	\$ 4,402,000	\$ 4,052,000
Depreciation.	\$ 2,752,000	\$ 2,916,000
Long-term Debt.	\$ 15,174,000	\$ 15,619,000
Common Shareholders' Equity.	\$ 43,387,000	\$ 41,840,000
per Common Share.	\$27.15	\$26.20

M A P L E L E A F M I L L S L I M I T E D

DIRECTORS:

A. D. CLARK	G. M. MacLACHLAN
R. G. DALE	J. A. McCLEERY
M. D. DINGMAN	B. A. NORRIS
H. B. DUNBAR	J. A. PATTISON
R. W. HALLIDAY	J. H. TAYLOR
L. HOGUET	R. J. TURNER

OFFICERS:

<i>Chairman of the Board</i>	J. A. PATTISON
<i>Deputy Chairman of the Board</i>	G. M. MacLACHLAN
<i>President & Chief Executive Officer</i>	R. G. DALE
<i>Vice-President & Secretary</i>	H. V. HAWKINS
<i>Vice-President Finance & Treasurer</i>	J. A. TELFER
<i>Controller</i>	J. J. WIGLE

SENIOR VICE-PRESIDENTS:

A. W. ARCHIBALD	P. W. STRICKLAND
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VICE-PRESIDENTS:

C. P. COUTTS	W. G. MILLIKEN
S. A. MILLER	C. L. TURNER

BANKERS:

CANADIAN IMPERIAL BANK OF COMMERCE
THE TORONTO-DOMINION BANK
BANK OF MONTREAL

TRANSFER AGENTS & REGISTRARS:

CROWN TRUST COMPANY, *Toronto and Montreal*

AUDITORS:

CLARKSON, GORDON & Co., *Toronto*

TO THE SHAREHOLDERS

Audited results for the fiscal period (nine months) ending December 31st, 1969 compared with unaudited results for the equivalent period ending in 1968 indicate that while net sales, operating revenues and commodity trading margins were down by less than 1%, consolidated net earnings were down \$642,000 (20%), resulting in a decline of net earnings per common share from \$1.93 in 1968 to \$1.53 for 1969.

The regular quarterly dividend of 20¢ per share was paid during this period with an extra of 10¢ per share being paid on July 2nd, 1969. Working capital declined \$190,000 during the nine months after outlays of \$4,469,000 for fixed assets and other investments, an amount of \$520,000 for reduction of funded debt, a

payment of \$1,192,000 for preferred and common dividends, and \$405,000 spent to reduce minority interests in subsidiaries. In total these payments amounted to \$6,586,000.

The fiscal year for Maple Leaf Mills Limited has been changed so as to end on December 31st rather than on March 31st as heretofore, to conform with the year-end of Neonex International Ltd. As a result the fiscal period ending December 31st, 1969 covers only nine months.

During the month of December, 1969, Neonex International Ltd. entered into a series of transactions which enabled it to acquire or to obtain the rights to acquire an aggregate of 1,078,511 common shares of

Flour Mill at West Toronto, Ont.



Maple Leaf Mills Limited, or 67.6% of its outstanding common shares which represent 66.8% of its outstanding voting shares.

As a result of this change in effective control Messrs. J. D. Gibson, L. A. Kaake, J. D. Leitch, J. L. Lewtas, Q.C., F. H. Logan, J. D. Mingay and Dr. J. M. Gillies resigned from the Board of Directors at a special meeting on December 29th. At the same meeting Messrs. J. A. Pattison, M. D. Dingman, H. A. Dunbar and Lawrence Hoguet, all Directors of Neonex International, were appointed to the Board and Mr. James A. Pattison was elected Chairman.

At subsequent meetings of the Board of Directors Messrs. R. W. Halliday and R. J. Turner, both of whom are Directors of Neonex International, and Mr.

J. A. McCleery were appointed to the Board to fill existing vacancies.

The Agricultural Division increased its volume of sales during the period, but margins declined in many areas so that overall earnings were down slightly. This Division continues to hold a dominant position in Canadian agriculture as one of the largest producers and distributors of animal and poultry feeds. In addition it continues to expand into many other agri-business areas, so that in most parts of the country it is in a position to offer the farmer a complete range of services to meet his varied needs.

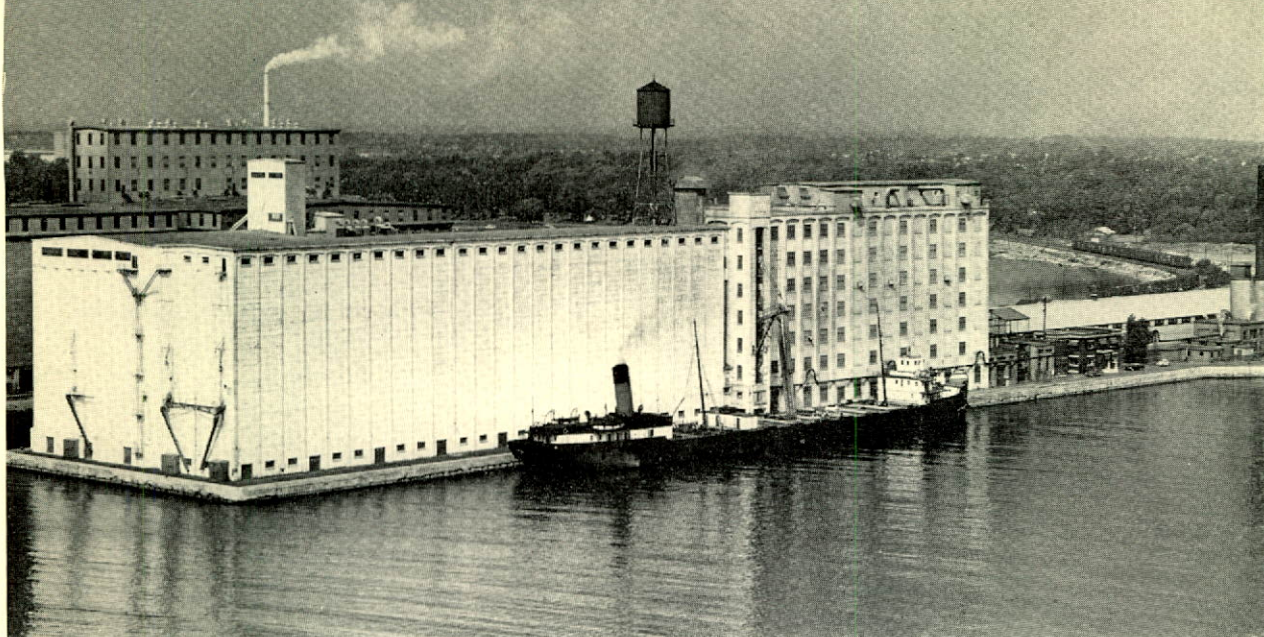
The Flour and Grocery Products Division maintained its level of sales, but higher costs and significantly lower margins, particularly in the Export and Domestic



*Flour and Feed Mills,
Calgary, Alta.*



*Flour Mill at Medicine Hat,
Alta.*



Flour Mill at Port Colborne, Ont.

Bakery markets resulted in generally lower profits. This Division continues to operate under highly competitive conditions, which are aggravated by the unfavourable capacity-demand situation which exists in the flour milling industry in Canada. Substantial organizational changes are now being put into effect which coupled with more efficient use of facilities throughout the country should produce improved earnings in this area of operations in the months ahead.

The Grain, Oil and Seed Divisions showed general improvement under difficult operating conditions and produced increased earnings in each case.

Earlier in the year a contract was signed with the Government of Haiti whereby our Company would manage the Government-owned 3,700 cwt. per day Flour Mill in Port-au-Prince. The plant started up in June and the operation to date has been extremely satisfactory. The fact that guarantees are now available for foreign investment under Bill C-183 administered by the Export Development Corporation to cover the risk of loss of an investment in a foreign country, has greatly increased our interest in expanding our overseas operations, and opportunities in this area are being actively explored.

The new Research Farm at Hornby, Ontario, is now in full operation and will continue to make a worthwhile contribution to the development of new techniques in the Agricultural field. While the farm is under the supervision of the Research Staff of the Agricultural

Division, it also serves as the headquarters for the plant breeding and seed improvement projects of the Seed Division.

Two of Maple Leaf's major subsidiaries, Corporate Foods Limited (60% owned) and Eastern Bakeries Limited (68% owned), manufacture and sell bread and a full line of bakery products in Ontario, Quebec and the Maritime provinces of Canada. In addition, an unconsolidated affiliate of Maple Leaf, McGavin Toast-Master Limited, operates bakeries throughout Western Canada.

In the last few years, the share of Maple Leaf Mills Limited in the earnings before extraordinary items of Corporate Foods Limited averaged approximately \$310,000 per annum. Rising costs have recently reduced profit margins of Canadian bakers and in the last six months of 1969 the share of Maple Leaf Mills Limited in the net loss of Corporate Foods Limited was approximately \$43,000. Earnings of the first three months of 1970 were adversely affected by a 4-week strike, resulting in an operating loss of which the Maple Leaf Mills Limited share, after expected tax recovery, was approximately \$115,000. Earnings will also be adversely affected by the loss of the Company's largest customer which became fully effective in April 1970 and which will reduce its sales by approximately 15% per annum. As a consequence Corporate Foods Limited is presently studying the re-alignment and reorganization of its production and distribution facilities.

During the year Mr. G. M. MacLachlan, who has served as President of the Company since 1964, was forced to resign due to ill health and was appointed Deputy Chairman of the Board.

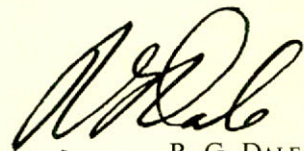
Under an arrangement for the retirement of Directors, Mr. A. D. Clark will not stand for re-election to the Board of Directors at this Annual Meeting. His service as both an employee and director over more than 42 years contributed greatly to the success of the Company and is much appreciated.

Our employees at every level of our operations, with their skills, experience and loyalty, are the most important asset that the Company possesses. We are very grateful for the contribution that they have made during the year.

Other than the problems which we have outlined with respect to our baking subsidiaries which will likely

depress our consolidated earnings in 1970, the outlook appears favourable for most of the other business areas in which the Company engages. We feel particularly that the skills which we have readily available in flour milling, agricultural operations and the trading and handling of a wide range of commodities places our Company in a preferred position, both in Canada and overseas, and will present exciting opportunities for us in the years ahead.

On Behalf of the Board of Directors



R. G. DALE,

President and

Chief Executive Officer

TORONTO, CANADA
May 29, 1970

COMPARATIVE SUMMARY OF EARNINGS (000's omitted)

	Nine months ended December 31		Year ended March 31		Eight months ended March 31, 1967
	1969	1968 (unaudited)	1969	1968	
Sales, operating revenues and commodity trading margins	\$154,176	\$154,827	\$203,966	\$179,262	\$121,406
Other income	1,410	1,144	1,548	1,052	572
	<u>155,586</u>	<u>155,971</u>	<u>205,514</u>	<u>180,314</u>	<u>121,978</u>
Cost of sales and operating expenses	130,473	129,536	171,668	149,318	100,754
Selling and administrative expenses	14,270	13,909	18,091	17,476	11,435
Depreciation	2,752	2,916	3,892	3,615	2,378
Interest	2,740	2,312	3,179	2,484	1,605
Income taxes	2,804	3,850	4,601	3,965	3,151
Minority interest	225	518	628	470	268
	<u>153,264</u>	<u>153,041</u>	<u>202,059</u>	<u>177,328</u>	<u>119,591</u>
Earnings before extraordinary items	2,322	2,930	3,455	2,986	2,387
Extraordinary items	195	229	229	(650)	
Net earnings	<u>\$ 2,517</u>	<u>\$ 3,159</u>	<u>\$ 3,684</u>	<u>\$ 2,336</u>	<u>\$ 2,387</u>
Earnings per common share:					
Earnings before extraordinary items	<u>\$1.40</u>	<u>\$1.79</u>	<u>\$2.10</u>	<u>\$1.81</u>	<u>\$1.46</u>
Net earnings	<u>\$1.53</u>	<u>\$1.93</u>	<u>\$2.24</u>	<u>\$1.40</u>	<u>\$1.46</u>

MAPLE LEAF MILLS LIMITED

for the nine months ended December 31, 1969

(000's omitted)

consolidated statement of earnings

	Nine months ended December 31, 1969	Nine months ended December 31, 1968 (unaudited)	Year ended March 31, 1969
Sales and revenue:			
Net sales, operating revenues and commodity trading margins (Note 3(a))	\$154,176	\$154,827	\$203,966
Income from mortgages and other investments	391	231	308
Income from marketable securities	241	36	91
Profit on retirement of sinking fund debentures	98	82	82
Profit on sale of fixed assets	55	271	282
Other income	625	565	826
	<u>155,586</u>	<u>156,012</u>	<u>205,555</u>
Costs and expenses:			
Cost of sales and operating expenses	130,473	129,536	171,668
Selling and administrative expenses	13,925	13,585	17,659
Depreciation (Note 4)	2,752	2,916	3,892
Interest on bankers' advances and notes	1,935	1,674	2,285
Interest on long-term debt	805	638	894
Remuneration of directors and senior officers	304	294	392
Amortization of goodwill	41	30	40
Loss on sale of marketable securities	—	41	41
	<u>150,235</u>	<u>148,714</u>	<u>196,871</u>
Earnings before income taxes and minority interest	5,351	7,298	8,684
Income taxes	2,804	3,850	4,601
Earnings before minority interest	2,547	3,448	4,083
Minority interest	225	518	628
Earnings before extraordinary items	2,322	2,930	3,455
Extraordinary items (Notes 3(b) and 10)	195	229	229
Net earnings (Notes 2 and 11)	<u>\$ 2,517</u>	<u>\$ 3,159</u>	<u>\$ 3,684</u>
 EARNINGS PER COMMON SHARE (Note 12)			
Earnings before extraordinary items	\$1.40	\$1.79	\$2.10
Net earnings	<u>\$1.53</u>	<u>\$1.93</u>	<u>\$2.24</u>

MAPLE LEAF MILLS LIMITED

(Incorporated under the laws of Ontario)

assets

	December 31, 1969	March 31, 1969
CURRENT:		
Cash.....	\$ 976	\$ 102
Term deposits, at cost.....	2,050	
Marketable securities, at cost which approximates market.....	2,819	3,516
Accounts receivable.....	29,235	29,322
Inventories (Note 3(c))—		
Wheat held as agent for the Canadian Wheat Board, at cost.....	19,770	11,591
Finished products and materials held for production, at the lower of average cost and replacement cost.....	26,062	23,582
Other grains, at replacement cost.....	7,391	6,781
Prepaid expenses.....	989	1,100
Total current assets.....	<u>89,292</u>	<u>75,994</u>
INVESTMENTS:		
Mortgages and other investments, at cost less amounts written off.....	7,679	8,045
Shares of and advances to 50%-owned companies.....	957	481
	<u>8,636</u>	<u>8,526</u>
PROPERTY, PLANT AND EQUIPMENT less depreciation (Note 4).....	<u>38,864</u>	<u>38,319</u>
OTHER:		
Unamortized debenture discount and expenses.....	415	445
Goodwill, at cost less amortization (Note 1).....	612	639
	<u>1,027</u>	<u>1,084</u>
	<u>\$137,819</u>	<u>\$123,923</u>

consolidated balance sheet, December 31, 1969

(000's omitted)

liabilities

	December 31, 1969	March 31, 1969
CURRENT:		
Bankers' advances (Note 5).....	\$ 52,262	\$ 34,327
Notes payable.....	100	6,590
Accounts payable and accruals.....	13,377	10,309
Income and other taxes payable.....	733	1,473
Dividends payable.....	352	356
Current maturities of long-term debt.....	97	378
Total current liabilities.....	<u>66,921</u>	<u>53,433</u>
LONG-TERM DEBT (Note 6).....	<u>15,174</u>	<u>15,619</u>
DEFERRED INCOME TAXES.....	<u>5,838</u>	<u>6,064</u>
MINORITY INTERESTS IN SUBSIDIARIES:		
Preferred shares (redeemable for \$1,539,000).....	1,437	1,464
Common shares.....	<u>3,201</u>	<u>3,456</u>
	<u>4,638</u>	<u>4,920</u>
SHAREHOLDERS' EQUITY:		
Capital stock (Note 7)—		
Preference shares class A, par value \$100 each. Authorized 75,000 shares, issued nil		
5½% preference shares class B (cumulative, redeemable and voting), par value \$100 each. Authorized and issued 18,610 shares.....	1,861	1,861
Common shares without par value. Authorized 4,000,000 shares, issued 1,599,710 of which 5,390 are held by a subsidiary.....	<u>5,220</u>	<u>5,184</u>
	7,081	7,045
Contributed surplus.....	577	577
Retained earnings.....	<u>37,590</u>	<u>36,265</u>
	<u>45,248</u>	<u>43,887</u>
On behalf of the Board:		
J. A. PATTISON, <i>Director</i>		
R. G. DALE, <i>Director</i>		
	<u>\$137,819</u>	<u>\$123,923</u>

MAPLE LEAF MILLS LIMITED

for the nine months ended December 31, 1969

(000's omitted)

consolidated statement of retained earnings

	Nine months ended December 31, 1969	Year ended March 31, 1969
Retained earnings at beginning of period:		
As previously reported.....	\$37,254	\$35,015
Prior years' deferred income taxes (Note 2(b)).....	989	979
As restated.....	36,265	34,036
Net earnings.....	2,517	3,684
	38,782	37,720
Dividends:		
Preference shares.....	77	102
Common shares.....	1,115	1,353
	1,192	1,455
Retained earnings at end of period.....	<u>\$37,590</u>	<u>\$36,265</u>

consolidated statement of source and application of funds

Source of funds:		
Funds generated from operations.....	\$ 5,127	\$ 8,077
Sale of property, plant and equipment.....	1,158	2,724
Long-term debt issued.....	75	4,360
Common shares issued.....	36	4
	6,396	15,165
Application of funds:		
Purchase of property, plant and equipment.....	4,402	5,867
Dividends.....	1,192	1,455
Long-term debt repaid.....	520	1,347
Reduction of minority interest in subsidiaries.....	405	165
Purchase of goodwill.....	14	443
Investments.....	53	2,926
	6,586	12,203
(Decrease) increase in working capital.....	\$ (190)	\$12,962
Working capital end of period.....	<u>\$22,371</u>	<u>\$22,561</u>

notes to consolidated financial statements, December 31, 1969

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the company and all its subsidiaries. During 1969, the company changed its year-end from March 31 to December 31. The accounts of the subsidiaries are included in the consolidated balance sheet as of that date with the exception of Corporate Foods Limited which is included as of January 10, 1970 and Eastern Bakeries Limited and Hillcrest Farm Limited which are included as of October 25 and 31, 1969, respectively.

The excess of cost over book value of net assets of subsidiaries at dates of acquisition has been allocated to property, plant and equipment and goodwill. Depreciation has been charged against earnings on amounts allocated to depreciable assets. As a general rule goodwill is not amortized. Where in the opinion of management goodwill has a limited life its cost is amortized over a 10 year period. The unamortized excess of cost over book value of net assets of subsidiaries at December 31, 1969 is classified in the consolidated balance sheet as follows:

Land	\$231,071
Depreciable assets	150,655
Goodwill (of which \$382,935 is not subject to amortization)	542,814

2. CHANGES IN ACCOUNTING

- (a) In the year ended March 31, 1969 the company adopted the equity method of accounting for its investment in partly owned subsidiaries (Corporate Foods Limited, Eastern Bakeries Limited and Hillcrest Farm Limited) so as to include the investment at its share of the underlying equity in their net assets (\$4,964,807) and to include in earnings its share of their earnings.

In the nine months ended December 31, 1969 the company adopted the policy of fully consolidating the accounts of all its subsidiaries. This change in accounting, which has no effect on the determination of net earnings, has been given retroactive effect in the financial statements as from April 1, 1968.

- (b) In 1954 the company adopted the principle of accounting for deferred income taxes in respect of the differences between depreciation allowed for tax purposes and the amounts provided in the accounts. In the nine months ended December 31, 1969 an additional provision of \$989,000 has been made for deferred taxes of prior years, arising in part from the retroactive application of deferred income tax accounting to periods prior to the 1954 fiscal year and in part to certain changes in the method of providing for deferred income taxes in 1954 and subsequent fiscal years. This change has been given retroactive effect in the accounts by a reduction of \$979,000 in the balance of consolidated retained earnings as at March 31, 1968 and by restating consolidated net earnings for the year ended March 31, 1969 to reflect an additional provision for deferred income tax of \$10,000.

3. RECLASSIFICATION OF SALES, LOSS CARRY-FORWARD TAX CREDITS, AND CERTAIN BALANCE SHEET ITEMS

- (a) With the change to a policy of full consolidation as referred to in Note 2(a), a uniform method of reporting sales of all companies has been adopted. As a result, certain freight costs aggregating \$8,160,000 which were offset against revenues in the year ended March 31, 1969 have now been included in cost of sales in the consolidated statement of earnings.
- (b) Loss carry-forward tax credits, previously applied in reduction of the current year's tax provision, are now classified as "extraordinary items". (See Note 10).
- (c) Prior to December 31, 1969 sales under contract for future delivery of grain and certain other commodities were included in accounts receivable and related purchase commitments were included in current liabilities. The company has discontinued the practice of recording these items prior to delivery. However, the company has not altered its policy of deferring the profit on contract sales until delivery.

Repair parts and supplies, which were formerly treated as a non-current asset, have been reclassified as a current asset in the accompanying balance sheet and are included under the caption "Inventories".

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and accumulated depreciation are set out below:

	December 31, 1969			March 31, 1969
	Cost	Accumulated depreciation	Net	Net
Land and land improvements	\$ 2,970,238	\$ 6,016	\$ 2,964,222	\$ 2,899,031
Buildings	32,518,856	14,486,409	18,032,447	17,489,643
Equipment	51,491,319	33,624,172	17,867,147	17,930,595
	<u>\$86,980,413</u>	<u>\$48,116,597</u>	<u>\$38,863,816</u>	<u>\$38,319,269</u>

Depreciation is calculated on the straight-line method. The rates used, as set out below, are estimated to be sufficient to depreciate the cost of the assets to their residual values by the expiration of their useful lives:

Buildings	2% to	5% per annum
Machinery and equipment	6 $\frac{2}{3}$ % to	10% per annum
Automotive equipment	15% to	33 $\frac{1}{3}$ % per annum

5. BANKERS' ADVANCES

Bankers' advances are secured by assignment of inventories and a general assignment of accounts receivable.

6. LONG-TERM DEBT

Long-term debt, excluding current maturities included in current liabilities, consists of the following:

Maple Leaf Mills Limited—	
5 $\frac{3}{4}$ % sinking fund debentures maturing December 1, 1981—sinking fund retirements of \$500,000 annually up to and including 1980.....	\$10,500,000
Subsidiaries:	
Corporate Foods Limited—	
8 $\frac{1}{2}$ % sinking fund debentures, series A due December 15, 1988—annual sinking fund instalments increasing from \$89,000 to \$329,000 1971 to 1987.....	4,500,000
Hillcrest Farm Limited—	
Mortgage and term bank loan at 7% to 9% repayable \$48,600 annually.....	174,400
	<u>\$15,174,400</u>

The aggregate amount of maturities for the years ended December 31, 1971 through 1974 are approximately \$638,000, \$624,000, \$630,000 and \$633,000 respectively.

7. STOCK OPTIONS

There are options outstanding on 48,314 common shares under the employees' stock option plan which become exercisable over a period of years to 1979 at prices ranging from \$11.50 to \$20.00 per share.

During the nine months ended December 31, 1969, 2,465 common shares were issued under the plan for a total consideration of \$35,151.

8. COMMITMENTS AND CONTINGENT LIABILITIES

Average annual minimum rentals for warehouses, plants and retail locations under long-term leases for the periods shown below are as follows:

1970 to 1974.....	\$460,000
1975 to 1979.....	158,000
1980 to 1984.....	101,000
1985 to 2001.....	62,000

There are guarantees totalling \$840,000 under lines of credit to associated companies on which the indebtedness at December 31, 1969 amounted to \$320,000.

9. WORKING CAPITAL AND RETAINED EARNINGS RESTRICTIONS

Under the trust indenture securing the company's debentures and the letters patent authorizing the 5 $\frac{1}{2}$ % preference shares Class B, there are covenants for the maintenance of working capital; under the most restrictive of these covenants, dividends may not be paid that would have the effect of reducing consolidated working capital (as defined) below \$8,000,000 or reducing the consolidated equity (as defined) below \$25,000,000. For this purpose, as of December 31, 1969, consolidated working capital amounted to \$17,327,000 and consolidated equity to approximately \$39,000,000.

10. EXTRAORDINARY ITEMS

Extraordinary items, which are net of minority interests, consist of the following:

(i) Income tax reductions resulting from loss carry-forwards—

In the year ended March 31, 1969.....	\$229,000
In the 9 months ended December 31, 1968.....	229,000
In the 9 months ended December 31, 1969.....	242,000

- (ii) Gain of \$100,000 on sale of option to acquire remaining common shares of a 50%-owned company in the nine months ended December 31, 1969.
- (iii) Write-off of premium of \$147,053 on acquisition of additional shares of Corporate Foods Limited in the nine months ended December 31, 1969 (see Note 11 below).

11. CORPORATE FOODS LIMITED

The consolidated statement of earnings includes Maple Leaf's share in the earnings (before extraordinary items) of Corporate Foods as follows:

Year ended March 31, 1969.....	\$438,057
Nine months ended December 31, 1968 (unaudited).....	378,528
Nine months ended December 31, 1969, consisting of	
Three months ended June 30, 1969.....	\$114,395
Six months ended January 10, 1970—(loss).....	(43,348) 71,047

Included in extraordinary items is Maple Leaf's share of tax loss carry-forward benefits recorded by Corporate Foods as follows:

Year ended March 31, 1969.....	\$ 31,000
Nine months ended December 31, 1968.....	31,000
Nine months ended December 31, 1969.....	108,000

The loss for the last six months of 1969 is attributable to rising costs and difficult market conditions which have reduced profit margins of Canadian bakers.

In the latter part of 1969 Corporate Foods Limited was advised by its largest customer that in future most of its requirements would be obtained from other suppliers, the termination to be phased out during the first five months of 1970. The reduction in sales to this customer will represent approximately 15% of Corporate Foods' current annual sales. As a consequence Corporate Foods is presently considering the re-alignment of its production and distribution facilities but pending the completion of these studies it is not possible to estimate the costs, if any, which may be involved in any such reorganization. Accordingly, no provision has been made for any such costs or for any possible write-down which may be required of existing plant but they are not expected to be material in relation to the overall consolidated financial position of Maple Leaf Mills Limited.

As at March 31, 1969 the investment in Corporate Foods Limited was carried in the accounts of Maple Leaf Mills Limited at an amount equal to the book value of the underlying net tangible assets. During the nine months ended December 31, 1969 Maple Leaf acquired a further 21,120 common shares of Corporate Foods at a premium of \$147,053 in excess of underlying net asset value. In the light of the circumstances set out above this premium (which would otherwise appear as goodwill in the consolidated balance sheet of Maple Leaf Mills Limited) has been written off as an extraordinary charge against income.

12. EARNINGS PER SHARE

Earnings per common share have been computed by dividing the reported net earnings and net earnings before extraordinary items (less preference share dividends) by the weighted average number of common shares outstanding during each period.

auditors' report

To the Shareholders of
MAPLE LEAF MILLS LIMITED:

We have examined the consolidated balance sheet of Maple Leaf Mills Limited and its subsidiaries as at December 31, 1969 and the consolidated statements of earnings, retained earnings and source and application of funds for the nine months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

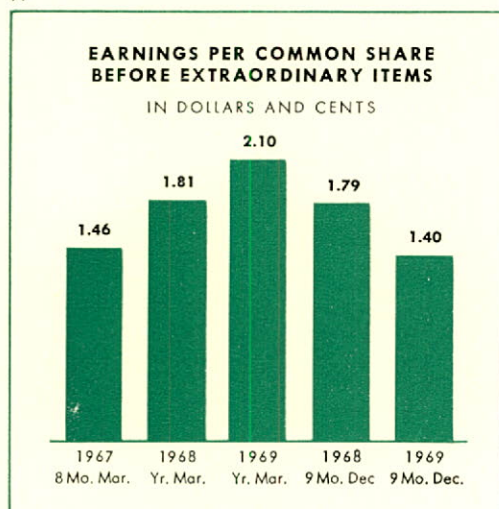
In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the changes in accounting for subsidiaries and deferred taxes as referred to in note 2, with which changes we concur.

TORONTO, CANADA,
May 13, 1970

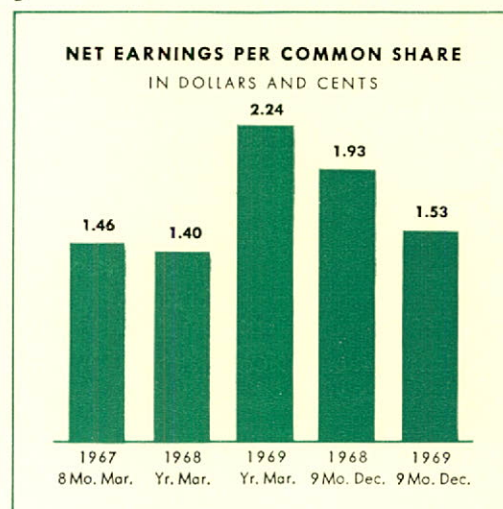
CLARKSON, GORDON & CO.
Chartered Accountants

MAPLE LEAF MILLS LIMITED

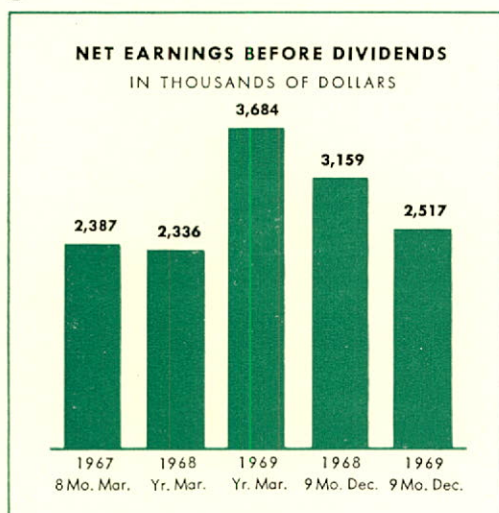
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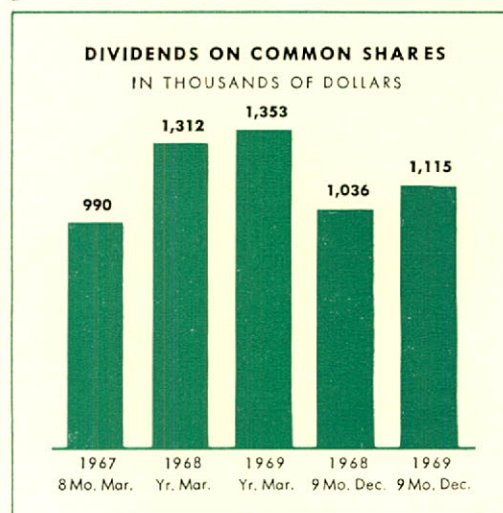
B



C



D

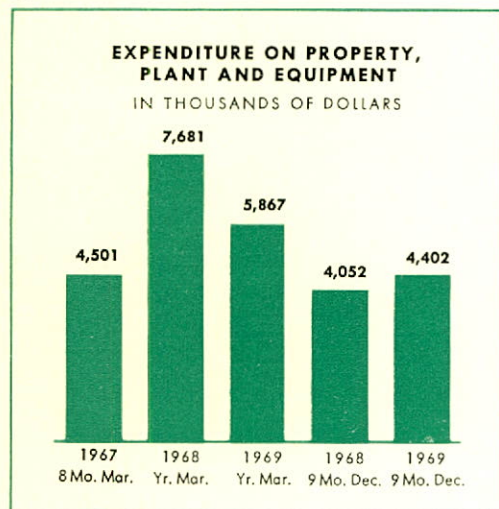


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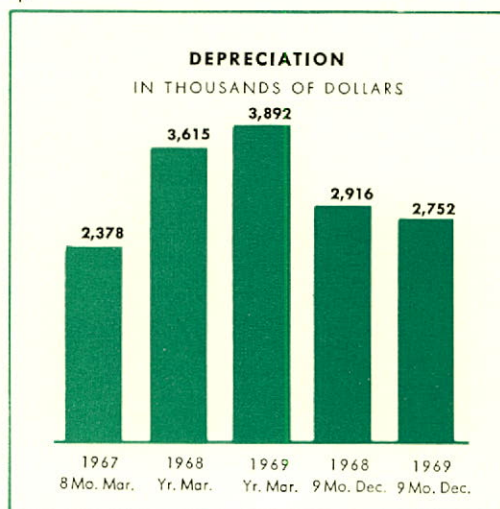
1. 1967, on all graphs, is an eight month period to March
2. 1968 second col. is a twelve month period to March
3. 1969 third col. is a twelve month period to March
4. 1968 fourth col. is a nine month period to December
5. 1969 fifth col. is a nine month period to December

MAPLE LEAF MILLS LIMITED

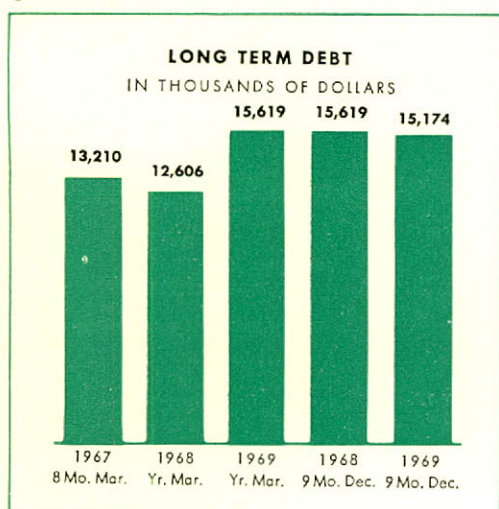
E



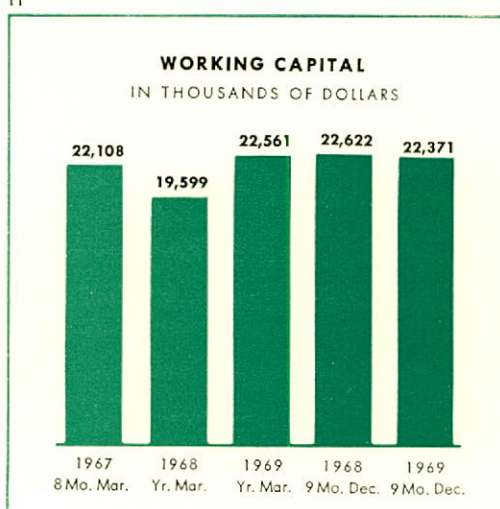
F



G



H



M A P L E L E A F M I L L S L I M I T E D

Grocery Products

Purity "Jolly Miller"	Monarch Pancake Mixes	Monarch Sponge Puddings
(All Purpose) Flour	Cream of the West	Monarch Cake and Pastry Flour
Monarch Pouch-Pak Mixes	(All Purpose) Flour	Monarch Cobblers
Monarch Brownie Mix	Monarch (Hot) Biscuit Mix	Monarch Pie-Crust Mix
Monarch Muffin Mixes	Monarch Tea Bisk	Red River Cereal
Monarch Icing Mixes	Monarch Parfait-Dessert	Master Pet Foods
Monarch Gingerbread	Monarch Tart Mixes	Brex Cereal

Exclusive Canadian Agents for Lowes Kitty Litter

Bakery Products

Bakery Flours, including Durum, Rye, Corn, Hovis and No-Ferm Flour
Bulk Cake Mixes, Propionates

Export Sales

All domestic grocery and bakery products and the products of St. Lawrence Starch Company Limited, McLarens Foods Limited, Culverhouse Canning Company Limited and Canada Vinegars Limited.

Agricultural

Master Feeds for all types of poultry, dairy and beef cattle, hogs, horses, and mink; Poultry meat and select chicks; Farm Equipment; Agricultural dry and liquid fertilizers and chemicals.

Seeds

Farm and lawn seeds, Steele Briggs and Rennies packet flower and vegetable seeds.

Grains

Merchandising of wheat, oats, barley, corn, soybeans, rye and flax.

Vegetable Oil Products and International Trade

Double Diamond linseed oilcake and soybean meal; processed linseed, soybean, castor and specialty oils; soybean lecithin; epoxy ester resin solutions; coconut, peanut, palm kernel, sunflower seed and marine oils.

